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# HESSEQUA MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

Net Assets and Liabilities	Note	2007 R	2006 R
<b>Net assets</b>		<b>99 563 703</b>	<b>77 487 877</b>
Housing Reserve	1	2 179 132	4 532 599
Capital Replacement Reserve	2	21 097 540	10 519 977
Insurance Reserve	3	8 075 494	5 299 031
Capitalisation Reserve		10 548 558	11 505 747
Government Grant Reserve		18 866 099	15 881 731
Accumulated Surplus/(Deficit)		38 796 881	29 748 792
<b>Non-current liabilities</b>		<b>32 843 152</b>	<b>25 923 187</b>
Long-term liabilities	4	31 628 280	24 721 854
Trust Funds	40	1 214 871	1 201 333
<b>Current Liabilities</b>		<b>60 939 515</b>	<b>25 945 958</b>
Consumer deposits	5	2 779 815	2 504 855
Provisions	6	4 510 055	3 899 456
Creditors	7	12 986 025	6 565 298
Unspent conditional grants and receipts	8	32 123 026	10 278 999
VAT	9	0	241 191
Bank Balance	16	5 225 815	0
Current portion of long-term liabilities	4	3 314 778	2 456 159
<b>Total Net Assets and Liabilities</b>		<b>193 346 370</b>	<b>129 357 022</b>
<b>Assets</b>			
<b>Non-current assets</b>		<b>86 941 542</b>	<b>71 780 015</b>
Property, plant and equipment	10	86 781 296	71 384 052
Long-term receivables	12	160 246	395 963
<b>Current assets</b>		<b>106 404 828</b>	<b>57 577 007</b>
Inventory	13	1 096 506	786 030
Consumer debtors	14	9 505 372	8 984 071
VAT	9	1 698 069	0
Other debtors	15	331 556	1 241 038
Call Investment Deposits	11	93 556 792	41 505 153
Current portion of long-term debtors	12	212 343	1 568 778
Bank balances and cash	16	4 190	3 491 937
<b>Total Assets</b>		<b>193 346 370</b>	<b>129 357 022</b>

# HESSEQUA MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

Revenue	Note	Actual	
		2007 R	2006 R
Property Rates	17	26 193 156	23 142 649
Service Charges	18	63 133 914	53 666 221
Rental of facilities and equipment		2 619 963	5 361 375
Interest earned - external investments		5 008 395	2 391 312
Interest earned - outstanding debtors		2 138 262	2 137 074
Fines		995 038	1 351 279
Licences and permits		144 784	254 721
Income for agency services		1 099 042	1 282 313
Government grants and subsidies	19	33 611 793	32 261 990
Other income	28	5 503 355	3 748 862
Gains on disposal of property, plant and equipment		3 577 603	14 302 297
<b>Total Revenue</b>		<b>144 025 305</b>	<b>139 900 093</b>
<b>Expenditure</b>			
Employee related costs	20	40 719 141	37 979 565
Remuneration of Councillors	21	3 176 073	2 260 166
Bad debts	26	1 479 797	6 273 443
Collection costs		396 395	412 877
Depreciation		5 281 413	4 360 074
Repairs and maintenance		11 371 238	5 763 464
Interest paid	22	3 064 695	3 120 290
Bulk purchases	23	19 131 390	18 566 610
Contracted services		348 958	262 334
General expenses	27	36 637 642	35 285 724
<b>Total Expenditure</b>		<b>121 606 744</b>	<b>114 284 547</b>
<b>Surplus/(Deficit) For The Year</b>		<b>22 418 561</b>	<b>25 615 546</b>

Refer to Appendix E (1 ) for explanation of variances

**HESSEQUA MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007**

	Note	Insurance Reserve R	Housing Reserve R	Capital Replacement Reserve R	Capitalisation Reserve R	Government Grant Reserve R	Accumulated Surplus/ (Deficit) R	Total R
<b>Balance at 1 July 2006</b>		<b>0</b>	<b>6 182 186</b>	<b>6 695 922</b>	<b>12 660 816</b>	<b>13 870 973</b>	<b>14 149 317</b>	<b>53 559 214</b>
<b>2006</b>								
Surplus/(deficit) for the year		0	0	0	0	0	25 615 546	25 615 546
Transfer to CRR		0	0	15 933 554	0	0	-15 933 554	0
Property, plant and equipment purchased		0	0	-12 109 499	0	0	12 109 499	0
Transfer to Insurance Fund		7 997 390	0	0	0	0	-7 997 390	0
Property, plant and equipment purchased		-2 698 359	0	0	0	0	2 698 359	0
Capital grants used to purchase PPE		0	0	0	0	2 904 321	-2 904 321	0
Disposal of Assets		0	0	0	-135 340	0	135 340	0
Long Term Housing Loans - Written Off		0	-1 686 883	0	0	0	0	-1 686 883
Transfer to Housing Reserve		0	37 296	0	0	0	-37 296	0
Offsetting of depreciation		0	0	0	-1 019 729	-893 563	1 913 292	0
Restatement of prior year figures - Investments								0
<b>Balance at 30 June 2006</b>		<b>5 299 031</b>	<b>4 532 599</b>	<b>10 519 977</b>	<b>11 505 747</b>	<b>15 881 731</b>	<b>29 748 792</b>	<b>77 487 877</b>
Corrections prior years	39						1 993 598	1 993 598
<b>Restated balance 30/6/2006</b>		<b>5 299 031</b>	<b>4 532 599</b>	<b>10 519 977</b>	<b>11 505 747</b>	<b>15 881 731</b>	<b>31 742 390</b>	<b>79 481 475</b>
Surplus/(deficit) for the year		0	0	0	0	0	22 418 561	22 418 561
Transfer to CRR		0	0	16 206 556	0	0	-16 206 556	0
Property, plant and equipment purchased		0	0	-5 628 992	0	0	5 628 992	0
Transfer to Insurance Fund		3 910 340	0	0	0	0	-3 910 340	0
Property, plant and equipment purchased		-1 082 890	0	0	0	0	1 082 890	0
Transfer to/(from) Insurance Reserve		-50 988	0	0	0	0	50 988	0
Capital grants used to purchase PPE		0	0	0	0	3 946 775	-3 946 775	0
Interest Investments - Transferred		0	0	0	0	0	0	0
Long Term Housing Loans - Written Off		0	-1 888 196	0	0	0	0	-1 888 196
Transfer Provision Bad Debts			-434 599	0	0	0	0	-434 599
Transfer to/(from) Housing Reserve			-30 672	0	0	0	30 672	0
Transfer to Trustfunds							-13 537	-13 537
Offsetting of depreciation		0	0	0	-957 189	-962 407	1 919 596	0
<b>Balance at 30 June 2007</b>		<b>8 075 494</b>	<b>2 179 132</b>	<b>21 097 540</b>	<b>10 548 558</b>	<b>18 866 099</b>	<b>38 796 881</b>	<b>99 563 704</b>

# HESSEQUA MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Cash Flow from Operating Activities	Note	2007 R	2006 R
<b>Cash generated from/(utilised in) operations</b>	30	<b>23 917 060</b>	<b>-1 025 005</b>
Interest received		7 146 657	4 528 386
Interest paid	22	-3 064 696	-3 120 289
<b>Net Cash from Operating Activities</b>		<b>27 999 021</b>	<b>383 092</b>
<b>Cash flows from Investing Activities</b>			
Purchase of property, plant and equipment		-20 678 657	-18 213 919
Sale of property, plant and equipment		3 577 603	14 515 945
Capital Replacement Reserve		16 206 556	15 933 554
Insurance Reserve		3 859 353	7 997 390
Housing Reserve		-30 672	37 296
Government Grant Reserve		3 946 775	2 904 321
(Increase)/decrease in non-current receivables		404 554	955 256
<b>Net Cash flows from Investing Activities</b>		<b>7 285 512</b>	<b>24 129 843</b>
<b>Cash flows from Financing Activities</b>			
New loans raised/(repaid)		7 765 045	-1 886 162
Increase in consumer deposits		274 960	254 837
Decrease in Trust Funds		13 538	49 674
<b>Net Cash from Financing Activities</b>		<b>8 053 543</b>	<b>-1 581 651</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>43 338 077</b>	<b>22 931 284</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>44 997 090</b>	<b>22 065 806</b>
<b>Cash and cash equivalents at the end of the year</b>	29	<b>88 335 167</b>	<b>44 997 090</b>

# **HESSEQUA LOCAL MUNICIPALITY**

## **Mandatory Accounting Policies to the Annual Financial Statements for the year ended 30 June 2007**

### **1. BASIS OF PRESENTATION**

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- *General Notice 991 of 2005*, issued in *Government Gazette* no. 28095 of 7 December 2005; and
- *General Notice 992 of 2005*, issued in *Government Gazette* no. 28095 of 15 December 2005.

The standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting of Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

### **2. PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

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### **3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

### **4. HOUSING DEVELOPMENT FUND (HOUSING RESERVE)**

The Housing Development Fund was established in terms of the Housing Act (Act no 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing, and for other housing expenses approved by Council from time to time.

### **5. RESERVES**

#### **5.1. Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR account. A corresponding amount is transferred to a designated CRR. The cash in the bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance capital projects included in the Integrated Development Plan.

#### **5.2. Insurance Reserve**

An Insurance Reserve was established during the financial year to which a contribution is made from the operating budget. Insurance claims that are paid out, are credited to this reserve, while expenditure pertaining to claims are financed therefrom.

Funds received from the Provincial Government for infrastructure damage as a result of floods were also credited to the reserve in terms of a Council resolution. The rehabilitation of infrastructure will also be financed from this reserve.

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### **5.3. Capitalisation Reserve**

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### **5.4. Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### **5.5. Donations and Public Contributions Reserve**

When items of property, plant and equipment are financed from public contributions, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public Contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be



incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

## 6. **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, is stated at cost, less accumulated depreciation and accumulated impairment losses, except land and buildings, which are re-valued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives :-

	Years	Other	Years
<i>Infrastructure</i>			
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20 – 30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<i>Community</i>		Specialised plant and equipment	10-15
Buildings	30	Other items of plant and equipment	2-5

Recreational Facilities	20-30	Landfill sites	15
Security	5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

## 7. **INVESTMENTS**

### **Financial Instruments**

Financial instruments, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

## 8. **INVENTORIES**

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

## 9. **ACCOUNTS RECEIVABLE**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

## 10. **TRADE CREDITORS**

Trade creditors are stated at their nominal value.

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## **11. REVENUE RECOGNITION**

### **11.1. Revenue from Exchange Transactions**

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to sewerage and refusal removal are recognised annually by applying the approved tariff to each property that has improvements.

Interest and rentals are recognised on a time proportion basis.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use.

### **11.2. Revenue from non-exchange transactions**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

## **12. CONDITIONAL GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### **13. PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate.

### **14. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash at banks. Cash equivalents are short-term high liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

### **15. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and when recovered, is subsequently accounted for as revenue in the Statement of Financial Performance.

### **16. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and when recovered, is subsequently accounted for as revenue in the Statement of Financial Performance.

### **17. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for as expenditure in the

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Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **18. LEASES**

### **The Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

### **The Municipality as Lessor**

Amounts due from lessees under finance lease or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised as it becomes due.

## **19. BORROWING COST**

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

## **20. COMPARATIVE INFORMATION**

### ***Current year comparatives:***

Budgeted amounts have been included in the annual financial statements for the current financial year only.

### ***Prior year comparatives:***

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

## **21. TRUST FUNDS**

The following trust funds exist in the municipality:

(a) Development Fund for the Maintenance and Operation of Nature Areas in Stilbaai

This fund was established in terms of section 76.2 of Municipal Ordinance, 1974 (Ordinance 20 of 1974) with the sanction of the Premier on 14 August 1998.

(b) Elsje Koorts Tuberculosis Fund

This fund was established in terms of clause 4 of the last will and Testament of the late Elsje Koorts, and states inter alia that “the Remainder of my estate will be used for the treatment of tuberculosis Cases in Riversdale.....”

These funds are invested in a separate investment account.

**HESSEQUA MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**2007  
R**

**2006  
R**

**1. Housing Reserve**

Balance 1 July 2006	4 532 591	6 182 186
Rental Income	32 526	79 654
Sale of houses	0	0
Sale of plots	40 991	64 872
	4 606 107	6 326 712
Less: Written Off	-1 888 196	-1 687 892
Less: Expenses	-538 788	-106 229
<b>Total</b>	<b>2 179 124</b>	<b>4 532 591</b>

The Housing Reserve is represented by the following:

Housing selling scheme loans	0	1 245 490
Housing rental debtors (included in other/rentals note 14)	1 793 139	2 837 917
Investment (included investments note 11)	385 985	449 183
<b>Total Housing Reserve Assets</b>	<b>2 179 124</b>	<b>4 532 590</b>

**2. Capital Replacement Reserve**

Balance 1 July 2006	10 519 977	6 695 922
<b>Plus:</b> Capital Contributions	1 289 368	971 896
Contribution I & E	11 336 300	1 555 740
Sale of Land	3 536 612	13 103 502
Other Income	44 276	302 416
	26 726 533	22 629 476
<b>Less:</b> Used to purchase Property, Plant and Equipment	-5 628 992	-12 109 499
<b>Total Capital Replacement Assets</b>	<b>21 097 540</b>	<b>10 519 977</b>

The Capital Replacement Reserve is fully funded and invested in ring-fenced financial instruments

**3. Insurance Reserve**

Balance 1 July 2006	4 192 966	0
Balance 1 July 2006	1 106 065	0
Western Cape Local Government	2 113 069	6 951 747
Insurance Claims	1 597 271	854 694
<b>Disaster Relief Fund</b>	149 012	1 106 065
Contributions: Sale of Lappiesbaai	0	905 000
ex I & E	200 000	200 000
Other Income	0	9 400
Less: Expenses	-50 988	-8 335
	9 158 384	8 912 506
<b>Less:</b> Used to purchase Property, Plant and Equipment	-1 082 890	-2 698 359
<b>Less:</b> Transfer to I & E	0	-915 116
<b>Total Insurance Reserve Assets</b>	<b>6 820 417</b>	<b>4 192 966</b>
<b>Total Disaster Relief Fund Assets</b>	<b>1 255 077</b>	<b>1 106 065</b>

The Insurance Reserve is fully funded and invested in ring-fenced financial instruments

**4. Long-term Liabilities**

Annuity Loans	34 943 058	27 178 013
<b>Less:</b> Current portion transferred to current liabilities	3 314 778	2 456 159
<b>Total long-term liabilities - Refer to Appendix A for more detail</b>	<b>31 628 280</b>	<b>24 721 854</b>

Long-term liabilities have been utilized in accordance with the MFMA. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				2007 R	2006 R
5. Consumer Deposits					
Electricity and Water					
Balance 1 July 2006				2 504 855	2 250 018
Deposits Received				409 544	417 663
Refund				-265 536	-279 679
Interest Paid				130 953	116 853
Balance 30 June 2007				2 779 815	2 504 855
6. Provisions					
Performance Bonus				231 330	71 750
Job Evaluation				4 099 225	3 671 645
Provision for long-service				179 500	156 061
Total Provisions				4 510 055	3 899 456
Performance bonuses accrue to employees half yearly, subject to certain conditions. The provision is an estimate of the amount due to staff at the reporting date.					
A provision for Job Evaluation has been made, as council expects the expense in the 2007/08 financial year.					
The movement in current provisions are reconciled as follows:-					
	Long Service Bonus	Performance Bonus	Job Evaluation	Total	
Balance at 1 July 2006	156 061	71 750	3 671 645	3 899 456	
Contribution to provision	179 500	231 330	995 198	1 406 029	
Expenditure incurred	-156 061	-71 750	-567 619	-795 430	
Balance at 30 June 2007	179 500	231 330	4 099 225	4 510 055	
7. Creditors					
Trade Creditors				8 579 097	2 322 779
Payments received in advance				41 505	89 316
Retentions				920 906	748 300
Staff Leave				1 656 548	1 966 997
Other Creditors				1 787 967	1 437 907
Total				12 986 024	6 565 299
The total liability in respect of leave amounts to R1 656 548 as at 30 June 2007. The full amount is provided for.					
8. Unspent Conditional Grants and Receipts					
Conditional Grants from other spheres of Government				23 767 562	4 163 151
Provincial LED Projects (see note 19)				629 507	2 610 697
Riversdale Housing Scheme				0	1 016 037
District Municipality Led Projects (see note 19)				334 787	237 703
National Government Led Projects (see note 19)				22 803 268	298 714
Other Conditional Receipts				8 355 464	6 115 847
Dept. of Health				162 480	0
Tourism				101 819	156 896
Multi Purpose Centre				154 007	202 743
Skills Development				162 526	110 601
N.E.P				2 360 106	290 185
Africana Centre				26 313	26 313
Cape Nature: Plant Project				47 255	0
Garcia Forestry				5 304 292	5 292 443
Gourits Nature Impact Study				36 666	36 666
Total conditional grants and receipts				32 123 026	10 278 998



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007		2007 R	2006 R
<b>9. Vat</b>			
VAT payable		1 950 443	2 457 405
VAT receivable		-3 648 512	2 216 214
<b>Net VAT payable/(receivable)</b>		<b>-1 698 069</b>	<b>241 191</b>
VAT is payable on the payment basis. Once payment is received from debtors VAT is paid over to SARS. The Vat amount on outstanding debtors amount to R1 950 442 at yearend.			
<b>10. Property, Plant and Equipment 30 June 2007</b>		<b>Cost</b>	<b>Accum. Depreciation</b>
	<b>R</b>	<b>R</b>	<b>Carrying Value R</b>
Land and Buildings	1 031 232	0	1 031 232
Infrastructure	80 344 302	15 522 764	64 821 538
Community	10 289 535	1 301 598	8 987 937
Heritage	5 500	0	5 500
Other	16 982 383	5 047 294	11 935 089
<b>Total property, plant and equipment</b>	<b>108 652 952</b>	<b>21 871 656</b>	<b>86 781 296</b>
<b>30/06/2006</b>			
Land and Buildings	954 916	0	954 916
Infrastructure	64 652 011	12 043 552	52 608 459
Community	9 440 649	811 424	8 629 225
Heritage	5 500	0	5 500
Other	12 921 219	3 735 267	9 185 952
<b>Total property, plant and equipment</b>	<b>87 974 295</b>	<b>16 590 243</b>	<b>71 384 052</b>
<b>Refer to Appendix B and B2 -1 for more detail</b>			
The municipality has taken advantage of the transitional provisions set out in GAMAP 17. The municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by June 2008.			
At present depreciation on these assets is calculated on an averaging basis where useful lives has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2008.			
The municipality is also in the process of getting detail of all properties that is registered at the deeds office. Once this is finalised, the asset register will be updated with the correct detail. Currently the land and buildings reflect the historical cost recorded in the accounting records.			
Investment property, will be treated according to IAS40 once the valuation of these properties has been done. The general valuation will be completed before 30 June 2008.			
<b>11. Investments</b>			
<b>Financial Instruments</b>			
Short Term		93 556 792	41 505 153
<b>Total</b>		<b>93 556 792</b>	<b>41 505 153</b>
Call Investments are ringfenced and attributable to the Reserves. An amount of R3 314 778 has also been ringfenced for the purpose of repaying long term liabilities as set out in note 4.			
<b>12. Long-term receivable</b>			
Car Loans		301 943	685 109
Sportclubs/Pre-primary school		33 033	34 142
Housing - Stilbaai		37 613	50 491
Housing selling scheme loans		209 981	1 194 999
		582 570	1 964 741
<b>Less: Current portion transferred to current receivables</b>		<b>212 342</b>	<b>1 568 779</b>
Car Loans		204 022	361 647

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007		2007 R	2006 R
<b>12. Long-term receivable (continued)</b>			
Sportclubs		1 200	1 109
Other		0	0
Housing - Stilbaai		7 121	11 024
Housing selling scheme loans		0	1 194 999
Less: Provision for Bad Debts - Housing Loans		209 981	0
		<b>160 246</b>	<b>395 962</b>
<b>Car Loans</b>			
Senior staff were entitled to car loans which attract interest at rates between 8 and 11% per annum and which are repayable over a maximum period of 6 years. These loans are repayable by the year 2011,			
<b>Sportclubs and other</b>			
The council granted loans at a interest rate of 8% to the following:			
Pikkewouter Pre-primary school - Stilbaai			
Heidelberg Golfklub			
These loans are repayable in the year 2022.			
<b>Housing Stilbaai</b>			
Before the amalgamation on 1 July 2001, the former Stilbaai council raised loans for housing at an interest rate of 8%, repayable over 20 years.			
<b>13. Inventory</b>			
Stilbaai Store - at cost		452 282	525 451
Diesel Store - Heidelberg - at cost		0	0
Diesel Store - Stilbaai - at cost		20 122	24 886
Store Heidelberg - Electrical - at cost		173 470	118 795
Public Works - Heidelberg - at cost		30 087	26 942
Waterworks - Heidelberg - at cost		15 713	20 620
Store - Witsand - at cost		0	11 983
Water Inventory - at cost		4 261	0
Paving - at cost		355 395	0
		<b>1 051 330</b>	<b>728 677</b>
<b>Other - at cost</b>			
Telephone Cards		0	380
Stilbaai Books		303	455
Refuse Bins		2 101	1 701
Albertinia Books		7 200	8 700
Langeberg Licence Holders		0	148
Hessequa Book: Riversdal Tourism		8 825	12 383
Albertinia Tourism		679	0
Albertinia Municipal Office		1 358	0
Slangrivier - Office		679	0
Stilbaai - Office		1 222	0
Gouritsmond Tourism		10 862	12 383
Stilbaai Tourism		3 259	11 763
Witsand - Office		1 222	0
Heidelberg - Office		1 358	0
Mayoral Office		6 110	9 442
<b>Total</b>		<b>1 096 506</b>	<b>786 032</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007				2007 R	2006 R	
13. Inventory - (continued)						
Water Inventory						
This is the first financial year that the water inventory at year end has been determined. Although the methodology that was used in determining the water inventory can be subject to question, the figure that was arrived at is, to the best of our knowledge, fairly accurate.						
The following losses were calculated during the comparison of water purchases against water sales:						
Riversdale	50% loss					
Heidelberg and Witsand	18% loss					
Slangrivier	52% loss					
The shortage is attributed to the following factors:						
Not all departmental usage is metered. - (Riversdale, Heidelberg and Witsand, Slangrivier)						
The amount of water purchase for Riversdale during August 2006 through October 2006 is doubtful since this was during the time of the flood when water was in abundance.						
The loss of water between the suppliers meter and our meter at the purification works in Riversdale suggests that there was a pipe leak in the 18 kilometer pipeline that was not detected until July 2007.						
The latter was proved to be conclusive when it was found that a water leak had occurred in the main supply line under the N2 national road in Riversdale, and the resulting excavation showed that a leak has occurred a long time previously as was evident in the extent of saturation in the surrounding land.						
14. Consumer Debtors						
30 June 2006				30 June 2007		
	Gross Balance	Provision for Bad Debts	Net Balance	Gross Balance	Provision for Bad Debts	Net Balance
Service Debtors:						
Rates	5 309 101	2 782 326	2 526 775	4 734 581	2 644 447	2 090 134
Electricity	2 836 837	817 041	2 019 796	2 911 148	1 625 989	1 285 159
Water	3 728 032	2 340 274	1 387 758	3 399 196	1 898 583	1 500 613
Sewerage	3 528 045	2 239 885	1 288 161	3 049 091	1 703 036	1 346 055
Waste Management	2 477 583	1 563 577	914 006	2 218 933	1 239 360	979 573
Housing Rental/Selling Schemes	2 837 917	2 837 917	0	206 913	206 913	0
Other	5 582 336	4 734 761	847 575	5 219 657	2 915 821	2 303 836
	26 299 851	17 315 781	8 984 071	21 739 520	12 234 148	9 505 371
Rates Ageing						
Current (0 - 30days)				1 356 849		1 564 102
31 - 60 days				477 671		174 328
60 days +				94 603		92 764
90 days +				2 805 459		3 477 908
Total				4 734 581		5 309 102
Electricity, Water, Waste Management & Sewerage						
Current (0 - 30days)				2 667 217		2 285 484
31 - 60 days				947 110		969 464
60 days +				582 074		614 579
90 days +				7 381 967		8 700 970
Total				11 578 369		12 570 497
Other						
Current (0 - 30days)				561 338		346 491
31 - 60 days				329 021		257 746
60 days +				143 745		218 759
90 days +				4 185 553		4 759 339
Total				5 219 657		5 582 335

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007		2007 R	2006 R
<b>14. Consumer Debtors - (continued)</b>			
<b>Housing rentals</b>			
Current (0 - 30days)		3 718	10 618
31 - 60 days		2 065	7 615
60 days +		1 593	6 345
90 days +		199 538	2 813 339
<b>Total</b>		<b>206 913</b>	<b>2 837 917</b>
<b>15. Other Debtors</b>			
Insurance claims		18 969	4 380
Government subsidies		138 582	345 049
Councillors Telephone Accounts		48 637	105 695
Prepaid Expenses		20 740	0
Employees PAYE		0	164 320
Other		129 707	621 594
		356 636	1 241 038
Less: Provision for Land Sale Housing Albertinia - (included under other)		-25 080	
<b>Total Other Debtors</b>		<b>331 556</b>	<b>1 241 038</b>
<b>16. Bank and Cash</b>			
First National Bank - Riversdale Branch Code 200313			
Account Number 53571024174			
Cash book balance at beginning of year		3 487 797	11 653 679
Cash book balance at end of year		-5 225 815	3 487 797
Bank statement balance at beginning of year		10 726 883	18 646 044
Bank statement balance at end of year		87 759	10 726 883
Cash on hand - cashiers		4 190	4 140
<b>17. Property Rates</b>			
<b>Actual</b>			
Residential, Commercial & State		29 015 651	25 600 643
Less: Income Forgone		-2 822 495	-2 457 994
<b>Total Assessment Rates</b>		<b>26 193 156</b>	<b>23 142 649</b>
<b>Valuations</b>			
		<b>R000's</b>	<b>R000's</b>
Residential, Commercial & State		2 625 114	2 516 775
Agriculture		612 574	572 169
Municipal		164 622	212 786
Churches		38 481	42 354
<b>Total Property Valuations</b>		<b>3 440 791</b>	<b>3 344 084</b>
The current property valuations were done according to the Local Government Municipal Property Rates Act, No. 6 of 2004. The date of valuation is 1 January 2003 and implementation date was 1 July 2004. Our next general valuation will be implemented in July 2009.			
The rates tariffs for the 2006/2007 financial year was as follow:			
	<b>Towns</b>	<b>Rural Area</b>	
<b>Land</b>	1.3221 c/R	.2928 c/R	
<b>Buildings</b>	0.8814 c/R	.2928 c/R	
<b>Settlements</b>	0.6941 c/R	.6941 c/R	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007	2007 R	2006 R
<b>18. Service Charges</b>		
Sale of electricity	33 313 322	29 561 863
Sale of water	11 725 232	10 711 869
Connection Fees Services	1 024 457	943 831
Admission Swimming Pools	34 567	38 110
Camping Fees	3 315 050	
Refuse removal	5 809 237	5 258 365
Sewerage and sanitation charges	7 912 049	7 152 182
<b>Total Service Charges</b>	<b>63 133 914</b>	<b>53 666 220</b>
<b>19. Government Grants &amp; Subsidies</b>		
Equitable Share	9 450 340	7 030 257
Provincial LED Projects	3 178 664	9 876 466
Housing Projects	12 717 877	10 422 837
District Municipality LED Projects	1 754 351	1 444 790
Provincial health subsidies	582 986	1 018 900
National Government LED Projects	2 275 059	1 179 836
Other Grants	3 652 517	1 288 903
<b>Total Government Grant and Subsidies</b>	<b>33 611 794</b>	<b>32 261 989</b>
<b>Equitable Share</b>		
Current Year Receipts	9 450 340	7 030 257
Conditions met - transferred to revenue	-9 450 340	-7 030 257
<b>Conditions still to be met - transferred to liabilities (refer note 8)</b>	<b>0</b>	<b>0</b>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>Provincial Health Services</b>		
Balance unspent at beginning of year	0	159 072
Current Year Receipts	745 466	859 828
Conditions met - transferred to revenue	-582 987	-1 018 900
<b>Conditions still to be met - transferred to liabilities (refer note 8)</b>	<b>162 479</b>	<b>0</b>
The Municipality renders a health service on behalf of the Provincial Government and is refunded for it. This has been used exclusively to fund the Heidelberg Healthcare Centre. The conditions of the grant have been met. There was no delay or withholding of the subsidy.		
<b>Provincial Led Projects</b>		
Balance unspent at beginning of year	2 610 695	1 656 046
Current Year Receipts	1 197 476	10 831 117
Conditions met - transferred to revenue	-3 178 664	-9 876 466
<b>Conditions still to be met - transferred to liabilities (refer note 8)</b>	<b>629 507</b>	<b>2 610 697</b>
The grants were used to purchase items of Property, Plant & Equipment.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007		2007 R	2006 R
<b>19. Government Grants &amp; Subsidies - (continued)</b>			
<b><u>District Municipality Led Projects</u></b>			
Balance unspent at beginning of year		237 703	275 152
Current Year Receipts		1 851 435	1 407 343
Conditions met - transferred to revenue		-1 754 351	-1 444 790
<b>Conditions still to be met - transferred to liabilities (refer note 8)</b>		<b>334 787</b>	<b>237 705</b>
The grants were used to purchase items of Property, Plant & Equipment.			
<b><u>National Government - Led Projects</u></b>			
Balance unspent at beginning of year		298 715	931 262
Current Year Receipts		24 779 611	547 288
Conditions met - transferred to revenue		-2 275 059	-1 179 836
<b>Conditions still to be met - transferred to liabilities (refer note 8)</b>		<b>22 803 267</b>	<b>298 714</b>
The grants were used to purchase items of Property, Plant & Equipment. Included is the Financial Management grant, and was used for the remuneration of two interns.			
<b><u>Provincial Government: Housing</u></b>			
Balance unspent at beginning of year		1 016 038	0
Current Year Receipts		11 701 839	11 438 875
Conditions met - transferred to revenue		-12 717 877	-10 422 837
<b>Conditions still to be met - transferred to liabilities (refer note 8)</b>		<b>0</b>	<b>1 016 038</b>
These grants are for the construction of houses. The conditions of the grant have been met. No funds have been withheld.			
<b><u>Other</u></b>			
Balance unspent at beginning of year		6 115 847	1 116 359
Current Year Receipts		5 729 654	6 288 390
Conditions met - transferred to revenue		-3 652 517	-1 288 903
<b>Conditions still to be met - transferred to liabilities (refer note 8)</b>		<b>8 192 984</b>	<b>6 115 846</b>
These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.			
<b>20. Employee Related Cost</b>			
Employee related costs - Salaries and Wages		28 259 676	28 537 214
Employee related costs - Contributions for UIF, pensions and medical aids		7 282 403	6 231 795
Travel, motor car, accommodation, subsistence and other allowances		2 511 742	1 242 245
Housing benefits and allowances		289 283	235 153
Overtime payments		1 953 817	1 479 065
Performance bonus		231 330	114 800
Long-service awards		190 890	139 295
<b>Total Employee Related Costs</b>		<b>40 719 141</b>	<b>37 979 567</b>
There were no advances to employees. Loans to employees are set out in note 10.			
<b><u>Remuneration of the Municipal Manager</u></b>			
Annual Remuneration		365 071	250 000
Performance Bonuses		105 733	114 800
Car Allowance		61 951	84 538
Contributions to UIF, Medical and Pension Fund		101 572	227 668
<b>Total</b>		<b>634 327</b>	<b>677 006</b>
<b><u>Remuneration of the Deputy Municipal Manager - (1/3/2007 - 30/6/2007)</u></b>			
Annual Remuneration		116 099	0
Bonus		28 758	0
Car Allowance		50 452	0
Contributions to UIF, Medical and Pension Fund		28 510	0
<b>Total</b>		<b>223 819</b>	<b>0</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007		2007 R	2006 R
20. Employee Related Cost - (continued)			
<u>Remuneration of the Manager Corporate Services</u>			
Annual Remuneration	207 634	193 942	
Bonus	17 131	16 162	
Car Allowance	91 392	100 135	
Performance Bonus	28 758	0	
Contributions to UIF, Medical and Pension Fund	70 375	66 713	
<u>Total</u>	<u>415 290</u>	<u>376 952</u>	
<u>Remuneration of the Manager Water, Sewerage &amp; Sanitation</u>			
Annual Remuneration	221 000	158 148	
Bonus	18 417	13 179	
Performance Bonus	22 100		
Car Allowance	65 352	65 352	
Acting Allowance	0	62 415	
Contributions to UIF, Medical and Pension Fund	79 311	78 675	
<u>Total</u>	<u>406 180</u>	<u>377 769</u>	
<u>Remuneration of the Manager Community Services</u>			
Annual Remuneration	221 000	129 490	
Bonus	18 417	10 791	
Performance Bonus	22 100		
Car Allowance	93 781	47 338	
Acting Allowance	0	62 415	
Contributions to UIF, Medical and Pension Fund	72 470	60 778	
<u>Total</u>	<u>427 768</u>	<u>310 812</u>	
<u>Remuneration of the Manager Streets &amp; Stormwater</u>			
Annual Remuneration	221 000	139 581	
Bonus	18 417	11 624	
Performance Bonus	22 100		
Car Allowance	85 108	42 737	
Acting Allowance	0	62 415	
Contributions to UIF, Medical and Pension Fund	67 919	73 933	
<u>Total</u>	<u>414 544</u>	<u>330 290</u>	
<u>Remuneration of the Manager Planning Services</u>			
Annual Remuneration	143 612	0	
Bonus	9 772	0	
Performance Bonus	15 658	0	
Car Allowance	71 464	0	
Contributions to UIF, Medical and Pension Fund	49 017	0	
<u>Total</u>	<u>289 523</u>	<u>0</u>	
<u>Remuneration of the Manager Information Technology</u>			
Annual Remuneration	128 730	0	
Bonus	10 621	0	
Performance Bonus	13 837	0	
Car Allowance	53 695	0	
Contributions to UIF, Medical and Pension Fund	36 764	0	
<u>Total</u>	<u>243 647</u>	<u>0</u>	
<u>Remuneration of the Acting Manager Financial Services (1/3/2007 - 30/6/2007)</u>			
Annual Remuneration	57 000	0	
Car Allowance	23 765	0	
Acting Allowance	16 667	0	
Contributions to UIF, Medical and Pension Fund	16 516	0	
<u>Total</u>	<u>113 948</u>	<u>0</u>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007	2007 R	2006 R
<b>21. Remuneration of councillors</b>		
Executive Mayor	419 200	308 062
Deputy Executive Mayor	342 170	91 490
Speaker	338 565	255 851
Mayoral Committee Members	640 644	211 495
Councillors	1 303 482	1 265 558
Councillors' pension contributions	0	127 710
Travel Expenses & Mayoral-, Deputy Mayoral-, Speaker Allowance	132 012	
<b>Total Councillors' Remuneration</b>	<b>3 176 073</b>	<b>2 260 166</b>
<b>In-kind Benefits</b>		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.		
Councillors allowances and benefits are within the upper limits of the framework envisaged in section 219 of the Constitution.		
<b>22. Interest Paid</b>		
Long-term liabilities	2 933 742	3 003 436
Consumer deposits	130 953	116 853
<b>Total Interest on External Borrowings</b>	<b>3 064 696</b>	<b>3 120 289</b>
<b>23. Bulk Purchases</b>		
Electricity	17 355 793	16 717 711
Water	1 775 597	1 848 902
<b>Total Bulk Purchases</b>	<b>19 131 390</b>	<b>18 566 613</b>
<b>24. PAYE and UIF</b>		
Opening Balance	0	0
Current year payroll deductions	3 728 780	4 053 055
Amount paid - current year	-3 728 780	-4 053 055
<b>Balance at 30 June 2007</b>	<b>0</b>	<b>0</b>
<b>25. Pension and Medical Aid Deductions</b>		
Opening Balance	0	0
Current year payroll deductions	9 264 221	5 267 227
Amount paid - current year	-9 264 221	-5 267 227
<b>Balance at 30 June 2007</b>	<b>0</b>	<b>0</b>
The 2006 figure exclude the employees contribution and therefor was stated incorrectly.		
<b>26. Bad Debts</b>		
Contribution to bad debt provision - ex I & E	1 479 797	6 273 443
Contribution from bad debt provision	9 669 564	5 760 575
Bad debts written off	-9 669 564	-5 760 575
<b>Total</b>	<b>1 479 797</b>	<b>6 273 443</b>
<b>27. General Expenses</b>		
<b>Operating Grants:</b>	20 081 440	20 398 226
Equitable Share	3 280 812	7 030 257
Skills Development	108 129	343 305
Housing - Riversdal	12 717 877	10 422 837
Housing - Electricity	0	298 351
Housing - Toilets Blikkiesdorp	0	62 638
Dennedal Garcia Services	2 364 751	0
Land Reform	1 176 357	1 230 874
Other	433 513	1 009 964
Audit Fees	552 535	513 369



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007		2007 R	2006 R
<b>27. General Expenses - (continued)</b>			
Chemicals		831 463	821 325
Insurance		443 620	621 647
Material & Supplies		830 891	848 894
Other		4 395 529	6 323 635
Clean-up projects		381 996	0
Environmental education		413 051	0
Tourism		400 000	0
Development Costs		869 320	0
Inventory		512 983	0
Levy: Dept. of Water Affairs		587 795	0
Operational Leases: Office Machines		99 039	41 382
Land and Buildings		96 862	112 423
Postage & Telephone		1 840 807	1 593 547
Printing & Stationery		691 295	676 674
Software assistance		501 707	388 133
Travelling & Subsistence		572 166	398 603
Trust Funds - Expenditure		278 533	326 351
Vehicle Costs		2 256 610	1 880 485
Workmens-compensation - (see under employee related cost)		0	341 027
<b>Total</b>		<b>36 637 643</b>	<b>35 285 721</b>
<b>28. Other Income</b>			
Capital Contribution: Water		597 419	424 641
Sewerage		457 900	547 265
Building plans		397 956	461 062
Insurance Claims		1 597 271	739 024
Other		1 895 157	1 123 720
Roadworthy Certificates		220 461	227 953
Services Electricians		137 191	225 197
<b>Total</b>		<b>5 303 355</b>	<b>3 748 862</b>
<b>29. Cash and Cash Equivalents</b>			
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:			
Bank and Cash on Hand		4 190	3 491 937
Call investment deposits		93 556 792	41 505 153
Bank overdraft		-5 225 815	0
<b>Total</b>		<b>88 335 167</b>	<b>44 997 090</b>
<b>30. Cash Generated by operations</b>			
Surplus for the year		22 418 561	25 615 546
Adjustments for:-			
Adjustments previous year		1 993 598	284 011
Depreciation		5 281 413	4 360 074
Gain on disposal of assets		-3 577 603	-14 302 297
Contribution to Capital Replacement Reserve		-16 206 556	-15 933 554
Contribution to (from) Insurance Reserve		-3 859 353	-7 997 390
Contribution to Housing Reserve		30 672	-37 296
Contribution to Trust Funds		-13 537	0
Contribution to Capital Grant Reserve		-3 946 775	-2 904 321
Contribution to provisions - current		610 599	-3 154 238
Contribution to bad debt provision		-5 081 633	5 837 582
Investment & Debtors Interest		-7 146 657	-4 528 386
Interest paid		3 064 696	3 120 290
<b>Operating surplus before working capital changes:</b>		<b>-6 432 575</b>	<b>-9 639 979</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007		2007 R	2006 R		
30. Cash Generated by operations - (continued)					
(Increase)/Decrease in inventories		-310 476	-289 546		
(Increase)/Decrease in debtors		3 425 135	-695 569		
(Increase)/Decrease in other debtors		909 482	7 001 124		
(Decrease)/Increase in conditional grants and receipts		21 844 027	6 141 108		
Increase in creditors		6 420 727	-3 944 817		
(Increase)/Decrease in VAT		-1 939 260	402 675		
Cash generated by operations		23 917 060	-1 025 004		
31. Non-compliance with section 111 of the Municipal Finance Management Act					
In terms of the MFMA, 2003 and section 36 of the Supply Chain Management regulations promulgated under the Act, the accounting officer is allowed to dispense with the official procurement process in emergency situations and in/other exceptional cases where it is impossible to adhere to the regulations.					
32. Additional Disclosures in terms of Municipal Finance Management Act					
Councillor's arrear consumer accounts					
There were no Councillors accounts in arrears for more than 90 days as at 30 June 2007.					
Total Councillor Arrear Consumer Accounts		0	0		
33. After balance sheet events					
A senior official of the Municipality has been suspended for the alledged contravention of the Preferential Procurement Policy. A forensic audit has been performed, and the investigation is on-going. At this stage no disciplinary action has been taken.					
A main water supply pipe in Riversdale burst under the N2 national road resulting in approximately R200 000 in damages. The water main has subsequently been repaired.					
The attention of the internal auditor was directed to an alleged fraudulent claim for travelling cost submitted by a councillor. This was referred to the speaker for investigation i.t.o. the code of conduct for councillors.					
34. Retirement benefit information					
The following table reflects the information of the defined benefit retirement, pension and provident funds to which councillors and employees belong. The relevant law requires every fund to do an actuarial valuation every three years.					
	Actuarial Valuation done every:	Last Accrual Valuation	Total Assets R,000	Total Liabilities R,000	Contributing Members
Municipal Councillors Pension Fund	Year	June 2005	691 890	691 890	11
Cape Joint Retirement Fund	Year	June 2006	5 770 152	5 770 152	118
Cape Joint Pension Fund	Year	June 2006	3 475 653	3 475 653	26
SAMVU Provident Fund	3 Years	June 2006	2 212 928	2 212 928	63
SALA Pension Fund	Year	June 2005	3 306 300	3 306 300	178
An amount of R4,3 million (2006:R3,9 million) was contributed by Council towards councillor and employee retirement funding. These contributions have been expensed.					
35. Capital Commitments					
Commitments in respect of capital expenditure:					
Approved and contracted for:	Infrastructure				3 200 000
Approved but not yet contracted for:	Infrastructure				60 391 235
Total					63 591 235

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007		2007 R	2006 R
<b>35. Capital Commitments - (continued)</b>			
This expenditure will be financed from:			
District Municipality grants			11 850 000
Public Contribution			3 000 000
C.R.R.			12 676 667
National Grants			22 943 900
Provincial Administration grants			3 630 668
External loans			9 490 000
<b>Total</b>			<b>63 591 235</b>
<b>36. Related Party Transaction</b>			
To the best of our knowledge there were no related party transactions during the year.			
<b>37. Guarantees</b>			
Guarantees were issued in favour of Eskom to the amount of R70 200.			
<b>38. Budget Reconciliation</b>			
	<b>Appr.Budget 1/7/2006</b>	<b>Approved Amendments</b>	<b>Amended Budget</b>
Expenditure	117 933 859	26 455 761	144 389 620
Revenue	129 940 350	23 934 450	153 874 800
<b>Changes in Assets</b>			
Transfer to CRR	7 840 000	-585 969	7 254 031
Capital Grants used for PPE	5 438 500	2 886 831	8 325 331
Donate/Contributed PPE	700 000	0	700 000
Contributions to Insurance Reserve	200 000		200 000
Insurance Reserve	0	-4 822 782	-4 822 782
Transfer to/(from) Housing Development Fund	27 644		27 644
Offset Depreciation CRR	-1 493 044		-1 493 044
Offset Depreciation Grants & Subsidies	-709 995		-709 995
<b>Total</b>	<b>-3 386</b>	<b>-609</b>	<b>-3 995</b>
<b>39. Corrections prior years</b>			
Accumulated Surplus			-1 315 352
Vat			-1 655 466
Rental of facilities			19 256
Service Charge reversed			702 215
Employee related cost			-19 658
Operating Grants			-68 826
Property Rates Reversed			123 674
Interest			31 807
Other Income			157 646
Gains on disposal			-684
General Expenses			31 790
<b>Total correction prior years</b>			<b>-1 993 598</b>
<b>40. Trust Funds</b>			
Nature Development - Stilbaai	1 080 276		1 068 139
Elsje Koorts Tuberculosis Fund	134 595		133 195
<b>Total Trust Funds</b>	<b>1 214 871</b>		<b>1 201 334</b>

## Appendix A

### SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOANS	Interest Rate	Loan Number	Redeemable	Balance at 30-Jun-06 R	Received during the period R	Redeemed written off during the period R	Balance at 30-Jun-07 R	Carrying Value of P.P & E R
<b>Annuity Loans</b>								
Development Bank	17.02%	11850	2007/12	7 578	0	-4 845	2 733	18 310
Development Bank	17.02%	11851	2005/12	0	0		0	4 570
Development Bank	17.02%	11852	2005/12	0	0		0	0
Development Bank	15.56%	11853	2006/06	0	0		0	0
Development Bank	15.56%	11854	2008/06	6 201	0	-2 869	3 332	8 797
Development Bank	16.06%	11855	2008/06	25 187	0	-11 624	13 563	35 397
Development Bank	16.06%	11856	2008/06	3 149	0	-1 453	1 696	6 283
Development Bank	16.06%	11857	2008/06	14 167	0	-6 539	7 628	28 274
Development Bank	15.56%	11858	2006/06	0	0		0	0
Development Bank	17.62%	12854	2006/12	29 285	0	-29 285	0	
Development Bank	16.12%	12855	2008/06	133 863	0	-61 762	72 101	23 803
Development Bank	14.32%	11225	2005/12	0	0		0	0
Development Bank	14.52%	11224	2008/12	84 108	0	-30 182	53 926	0
Development Bank	17.25%	11223	2006/12	9 883	0	-9 883	0	0
Development Bank	11.36%	101222	2013/12	15 835 599	0	-1 434 307	14 401 292	9 928 915
Development Bank	11.40%	101432	2014/12	5 189 387	0	-426 333	4 763 054	3 377 268
Development Bank	9.38%	102004	2015	5 839 606	0	-215872	5 623 734	5 316 385
Development Bank	9.33%	102770	2017		10 000 000		10 000 000	10 000 000
<b>Total External Loans</b>				<b>27 178 013</b>	<b>10 000 000</b>	<b>-2 234 954</b>	<b>34 943 059</b>	<b>28 748 002</b>

## Appendix B

### ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNIE 2007

	Cost					Accumulated Depreciation					
	Opening Balance R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Carrying Value R	Budget Additions R
<b>Land</b>											
Land	954 916	76 316	0	0	1 031 232	0	0	0	0	1 031 232	137 000
	<b>954 916</b>	<b>76 316</b>	<b>0</b>	<b>0</b>	<b>1 031 232</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 031 232</b>	<b>137 000</b>
<b>Infrastructure</b>	3										
<b>Sewerage</b>											
Purification Works	14 941 338	5 577 802			20 519 140	3 549 721	747 067		4 296 788	16 222 352	6 659 444
Outfall Sewerage	5 860 507	351 904			6 212 411	598 095	306 015		904 110	5 308 301	384 870
Sewerage Pumps	169 921	42 330			212 251	12 744	12 807		25 551	186 700	47 600
<b>Water</b>											
Meters	771 546	328 310			1 099 856	226 128	69 603		295 731	804 125	334 300
Mains	13 061 200	111 175			13 172 375	2 884 950	653 060		3 538 010	9 634 365	169 000
Reticulation	1 189 643	89 529			1 279 172	291 513	61 480		352 993	926 179	94 630
Reservoirs/Tanks	3 252 084	300 000			3 552 084	224 319	162 604		386 923	3 165 161	3 206 000
<b>Electricity</b>											
Power Stations	49 322	402 152			451 474	4 041	1 644		5 685	445 789	420 000
Transformer Kiosks	130 750	0			130 750	47 582	4 358		51 940	78 810	0
Meters	135 693	0			135 693	13 993	6 785		20 778	114 915	0
Mains	8 010 320	1 682 368	25 320		9 718 008	2 167 586	382 929		2 550 515	7 167 493	2 947 661
<b>Roads and Stormwater</b>											
Motorways	10 450 263	3 138 917	52 813		13 641 993	1 575 996	692 684		2 268 680	11 373 313	4 568 125
Other Roads	453 544	0			453 544	29 723	45 354		75 077	378 467	0

## Appendix B

### ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNIE 2007

	Cost					Accumulated Depreciation				Carrying Value R	Budget Additions R
	Opening Balance R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R		
Street Lightning	385 686	49 413			435 099	45 662	15 427		61 089	374 010	180 000
Stormwater Drains	4 486 112	1 084 879			5 570 991	246 673	224 306		470 979	5 100 012	1 220 000
Overhead Bridges	28 386	155 185			183 571	2 838	946		3 784	179 787	232 000
Parking Areas	491 418	35 019			526 437	21 895	24 571		46 466	479 971	100 000
Footways	784 278	2 265 175			3 049 453	100 093	67 572		167 665	2 881 788	2 466 077
	<b>64 652 011</b>	<b>15 614 158</b>	<b>78 133</b>	<b>0</b>	<b>80 344 302</b>	<b>12 043 552</b>	<b>3 479 212</b>	<b>0</b>	<b>15 522 764</b>	<b>64 821 538</b>	<b>23 029 707</b>
<b>Community Assets</b>											
Bowling Greens	6 000	0			6 000	901	300		1 201	4 799	0
Tennis Courts	67 763	0			67 763	11 303	3 388		14 691	53 072	0
Swimming Pools	546 689	104 850			651 539	90 038	27 334		117 372	534 167	114 130
Golf Courses	12 000	0			12 000	1 800	600		2 400	9 600	0
Outdoor Facilities	1 832 423	94 430			1 926 853	205 275	90 799		296 074	1 630 779	100 000
Care Centres	138 156	0			138 156	14 681	4 605		19 286	118 870	0
Cemeteries	229 429	13 208			242 637	17 215	7 648		24 863	217 774	15 000
Community Centres	2 737 891	113 703			2 851 594	101 734	91 263		192 997	2 658 597	303 536
Parks	727 492	0			727 492	55 470	24 250		79 720	647 772	0
Public Conveniences	2 501 269	333 672			2 834 941	75 974	83 376		159 350	2 675 591	350 000
Fencing	641 537	189 024			830 561	237 033	156 612		393 645	436 916	203 000
	<b>9 440 649</b>	<b>848 886</b>	<b>0</b>	<b>0</b>	<b>10 289 535</b>	<b>811 424</b>	<b>490 175</b>	<b>0</b>	<b>1 301 599</b>	<b>8 987 936</b>	<b>1 085 666</b>
<b>Housing</b>											
Housing	0	0	0	0	0	0	0	0	0	0	11 702 000
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11 702 000</b>
<b>Heritage Assets</b>											
Mayors Chain	5 500	0	0	0	5 500	0	0	0	0	5 500	0
	<b>5 500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 500</b>	<b>0</b>

Appendix B											
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNIE 2007											
	Cost					Accumulated Depreciation					
	Opening Balance R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Carrying Value R	Budget Additions R
<b>Other Assets</b>											
<b>Buildings</b>											
Caravan Parks	1 607 555	818 342			2 425 897	184 796	53 585		238 381	2 187 516	1 098 000
Housing - Official	254 054	0			254 054	120 482	8 885		129 367	124 687	0
Emergency Equipment	125 914	39 693			165 607	3 688	4 197		7 885	157 722	40 000
Office Buildings	3 241 021	1 832 949			5 073 970	352 628	108 034		460 662	4 613 308	2 091 400
Tip Sites	787 869	35 695			823 564	72 787	49 214		122 001	701 563	693 000
Transport Facilities	813 073	0			813 073	49 323	27 102		76 425	736 648	0
Workshops	272 573	0			272 573	13 734	9 086		22 820	249 753	0
<b>Plant &amp; Equipment</b>											
Graders	811 743	0			811 743	125 745	81 174		206 919	604 824	0
Tractors	30 000	0			30 000	14 153	3 000		17 153	12 847	0
Boats		34 035			34 035		1 191		1 191	32 844	20 000
Lawnmowers	256 557	21 925			278 482	228 761	30 328		259 089	19 393	31 900
Compressors	412 000	0			412 000	408 100	2 400		410 500	1 500	0
Other	565 546	448 676			1 014 222	226 459	141 159		367 618	646 604	487 287
Irrigation Systems	79 028	13 158			92 186	12 194	5 269		17 463	74 723	15 000
<b>Motor Vehicles</b>											
Sedans	295 609	0			295 609	106 671	59 122		165 793	129 816	0
Motor Cycles	55 788	0			55 788	55 788	0		55 788	0	0
Trucks/LDV's	2 096 854	816 690			2 913 544	1 025 586	487 544		1 513 130	1 400 414	854 000
<b>Office Equipment</b>											
Computers	767 128	0			767 128	369 420	201 937		571 357	195 771	0
Office Machines	412 836	0			412 836	352 998	31 633		384 631	28 205	0
Furniture	36 072	0			36 072	11 954	7 167		19 121	16 951	0
	<b>12 921 220</b>	<b>4 061 164</b>	<b>0</b>	<b>0</b>	<b>16 982 384</b>	<b>3 735 267</b>	<b>1 312 027</b>	<b>0</b>	<b>5 047 294</b>	<b>11 935 090</b>	<b>5 330 587</b>
<b>TOTAL</b>	<b>87 974 296</b>	<b>20 600 524</b>	<b>78 133</b>	<b>0</b>	<b>108 652 953</b>	<b>16 590 243</b>	<b>5 281 414</b>	<b>0</b>	<b>21 871 657</b>	<b>86 781 296</b>	<b>41 284 960</b>

## Appendix B

### ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNIE 2007

Cost					Accumulated Depreciation					
Opening Balance R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Carrying Value R	Budget Additions R



## Appendix C

### SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2007

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
Executive & Council	89 634	0	0	0	89 634	12 018	9 785	0	21 803	67 831
Finance & Admin	10 060 881	2 381 780	0	0	12 442 661	1 210 921	523 980	0	1 734 901	10 707 760
Health	15 967	0	0	0	15 967	10 567	3 406	0	13 973	1 994
Community & Social Services	2 160 450	179 103	0	0	2 339 553	154 867	87 701	0	242 568	2 096 985
Public Safety	1 263 268	39 693	0	0	1 302 961	381 899	123 445	0	505 344	797 617
Sport & Recreation	5 072 756	975 128	0	0	6 047 884	908 798	256 261	0	1 165 059	4 882 825
Environmental Protection	0	34 035	0	0	34 035	0	1 191	0	1 191	32 844
Road Transport	18 382 317	6 992 443	52 813	0	25 427 573	2 783 675	1 329 021	0	4 112 696	21 314 877
Waste Water Management/Sewerage	2 212 088	6 193 686	0	0	8 405 774	726 043	1 107 540	0	1 833 583	6 572 191
Waste Management/Solid Waste	21 095 597	84 555	0	0	21 180 152	4 216 319	261 323	0	4 477 642	16 702 510
Water	18 803 013	1 023 697	0	0	19 826 710	3 801 158	1 053 975	0	4 855 133	14 971 577
Electricity	8 818 325	2 696 404	25 320	0	11 540 049	2 383 978	523 786	0	2 907 764	8 632 285
<b>TOTAL</b>	<b>87 974 296</b>	<b>20 600 524</b>	<b>78 133</b>	<b>0</b>	<b>108 652 953</b>	<b>16 590 243</b>	<b>5 281 414</b>	<b>0</b>	<b>21 871 657</b>	<b>86 781 296</b>

## Appendix D

### SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

2006				2007		
Actual Income R	Actual Expenditure R	Surplus/(Deficit) R		Actual Income R	Actual Expenditure R	Surplus/(Deficit) R
31 136 063	29 718 965	1 417 098	Executive & Council	11 382 135	14 400 319	-3 018 184
36 308 388	18 500 961	17 807 427	Finance & Admin	42 401 446	14 547 272	27 854 174
15 870 551	277 109	15 593 442	Planning & Development	5 368 466	3 365 024	2 003 441
1 018 900	1 018 900	0	Health	582 986	583 409	-423
758 858	3 121 282	-2 362 424	Community & Social Services	839 007	3 275 027	-2 436 020
118 469	145 045	-26 576	Housing	12 829 253	12 859 926	-30 672
3 389 711	4 097 462	-707 751	Public Safety	2 956 075	3 773 816	-817 741
0	0	0	Environmental Protection	80 825	538 557	-457 731
4 543 542	6 083 395	-1 539 853	Sport & Recreation	5 750 425	6 690 114	-939 689
620 473	12 946 913	-12 326 440	Road Transport	3 005 023	17 066 070	-14 061 047
7 543 724	6 374 611	1 169 113	Waste Water Management/Sewerage	11 884 021	7 289 527	4 594 494
5 415 054	4 327 322	1 087 732	Waste Management/Solid Waste	5 970 815	4 506 699	1 464 115
11 223 831	9 214 313	2 009 518	Water	14 720 920	12 831 690	1 889 230
31 799 827	28 305 568	3 494 259	Electricity	36 687 259	29 745 915	6 941 344
0	0	0	Hessequa Tourism	55 077	621 807	-566 730
<b>149 747 391</b>	<b>124 131 846</b>	<b>25 615 545</b>	<b>Sub total</b>	<b>154 513 734</b>	<b>132 095 173</b>	<b>22 418 561</b>
<b>-9 847 299</b>	<b>-9 847 299</b>	<b>0</b>	<b>Less inter-departmental charges</b>	<b>-10 488 428</b>	<b>-10 488 428</b>	<b>0</b>
<b>139 900 092</b>	<b>114 284 547</b>	<b>25 615 545</b>	<b>Total</b>	<b>144 025 305</b>	<b>121 606 745</b>	<b>22 418 561</b>

APPENDIX E (1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 5% versus Budget
<b>Revenue</b>					
Property Rates	26 193 156	26 321 500	-128 344	-0.49	
Service charges	63 133 914	61 243 775	1 890 139	3.09	
Rental of facilities and equipment	2 619 963	2 394 683	225 280	9.41	More income generated from rental of chalets and municipal ground
Interest earned - external investments	5 008 395	2 800 000	2 208 395	78.87	More cash available for investment, then was anticipated, and more favourable interest rates.
Interest earned - outstanding debtors	2 138 262	2 131 500	6 762	0.32	
Fines	995 038	947 450	47 588	5.02	
Licences and permits	144 784	93 000	51 784	55.68	More income generated from boat licenses and permits than what was anticipated.
Income for agency services	1 099 042	1 318 200	-219 158	-16.63	Decline in vehicle registrations
Government grants and subsidies	33 611 793	39 730 579	-6 118 786	-15.40	Not all conditions have been met.
Other Income	5 503 355	2 103 101	3 400 254	161.68	Capital contributions for water and sewerage not budget for. Insurance claim not budgeted for.
Surplus on sale of assets	3 577 603	4 500 000	-922 397	-20.50	Budgeted figure for sale of land not realised.
<b>Total Income</b>	<b>144 025 305</b>	<b>143 583 788</b>	<b>441 517</b>	<b>0.31</b>	

APPENDIX E (1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 5% versus Budget
<b>Expenditure</b>					
Employee related costs	40 719 141	44 636 707	-3 917 566	-8.78	Vacant post budgeted for, but not filled.
Rumuneration of councillors	3 176 073	3 715 688	-539 615	-14.52	Budgeted for an 8% increase. The actual increase wat 5.47%.
Working Capital Reserve	1 479 797	1 479 997	-200	-0.01	
Collection Costs	396 395	484 146	-87 751	-18.12	Budgeted for legal cost of previous municipal manager that was not fully spent. Over budgeted for collection cost.
Depreciation	5 281 413	3 956 678	1 324 735	33.48	Under budgeted for.
Repairs and Maintenance	11 371 238	10 249 334	1 121 904	10.95	Age and condition of infrastructure required increased maintenance. Flood damage repairs contributed to the variance.
Interest - External borrowings	2 933 742	3 391 629	-457 887	-13.50	The loan was raised during June 2007 and it was anticipated the it would be raised in January 2007.
Bulk Purchases	19 131 390	19 899 200	-767 810	-3.86	
Contracted Services	348 958	396 420	-47 462	-11.97	Clinic services transferred to Province. Underspent on sanitation services in Gouritsmond and Albertinia Electrity.
General Expenses	36 768 595	45 888 809	-9 120 214	-19.87	Saving on asset register, audit fees, festivals, development cost, IDP, inventory, material & supplies etc.
<b>Total Expenditure</b>	<b>121 606 744</b>	<b>134 098 608</b>	<b>-12 491 864</b>	<b>-9.32</b>	
<b>Nett surplus for the year</b>	<b>22 418 561</b>	<b>9 485 180</b>	<b>12 933 381</b>	<b>136.35</b>	

**APPENDIX E (2)**

**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007**

	2007 Actual R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 5% versus Budget
<b>Land</b>					
Land	76 316	137 000	-60 684	-44.29	Survey S/R Ervin(R50 000) not done. R10 684 saving land purchases MP centre
	<b>76 316</b>	<b>137 000</b>	<b>-60 684</b>	<b>-44.29</b>	
<b>Infrastructure</b>					
<b><u>Sewerage</u></b>					
Purification Works	5 577 802	6 659 444	-1 081 642	-16.24	Sewerage Infr. - Melk/fontein R1 000 000 not done. Transfer to 0708 budget.
Outfall Sewerage	351 904	384 870	-32 966	-8.57	Sewerage word (H/berg) done under budget (+-R32 000) flood damage
Sewerage Pumps	42 330	47 600	-5 270	-11.07	Savings on purchases of pumps, procured under budget
<b><u>Water</u></b>					
Meters	328 310	334 300	-5 990	-1.79	
Mains	111 175	169 000	-57 825	-34.22	Upgrading water pupeline (Preekstoel) done under budget R56 134
Reticulation	89 529	94 630	-5 101	-5.39	
Reservoirs/Tanks	300 000	3 206 000	-2 906 000	-90.64	Reservoir Alb. R2 006 000 not done, grant back to DM. Reservoir Stilbaai R700 000 not done, transferred to 07/08 budget. Watertanks project transferred to oper. Budget R200 000.
<b><u>Electricity</u></b>					
Power Stations	402 152	420 000	-17 848	-4.25	

# APPENDIX E (2)

## ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Mains	1 707 688	2 947 661	-1 239 973	-42.07	Projects totalling R638 436 for 06/07, electr. Low cost housing done under budget - grant transferred to 07/08
<b>Roads and Stormwater</b>					
Motorways	3 191 730	4 568 125	-1 376 395	-30.13	Upgr. Progress str. Incomplete R637 077. Rehab. Of gravel roads H/berg not done R60 000. Street name signage tranf. To oper. Budget R50 000. New roads done under budget R411 370
Street lights	49 413	180 000	-130 587	-72.55	Expenditure transferred to operating budget
Stormwater Drains	1 084 879	1 220 000	-135 121	-11.08	Stormwater masterplan procured under budget R80 176
Overhead Bridges	155 185	232 000	-76 815	-33.11	Pedestrian bridge at sewerage works H/berg done under budget R74 800
Parking Areas	35 019	100 000	-64 981	-64.98	Project at H/berg not done R25 000. Riversdale not completed R39 981
Footways	2 265 175	2 466 077	-200 902	-8.15	Sidewalk Melk/fontein not complete - grant transferre to 07/08 R90 406. Thoroughfares project savings of R97 823 - carry over to 07/08
	<b>15 692 291</b>	<b>23 029 707</b>	<b>-7 337 416</b>	<b>-31.86</b>	
<b>Housing</b>					
Housing	0	11 702 000	-11 702 000	-100.00	Budget amount transferred to operating expenditure
	<b>0</b>	<b>11 702 000</b>	<b>-11 702 000</b>	<b>-100.00</b>	
<b>Community Assets</b>					
Swimming Pools	104 850	114 130	-9 280	-8.13	Tidal pool Gouritsmond done under budget R9 280

APPENDIX E (2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Outdoor Facilities	94 430	100 000	-5 570	-5.57	Work done under budget
Cemeteries	13 208	15 000	-1 792	-11.95	Work done under budget
Community Centres	113 703	303 536	-189 833	-62.54	G/M library project funds transf. To 07/08 budget R150 000. Banqueting hall R/D done under budget R26 842
Public Conveniences	333 672	350 000	-16 328	-4.67	
Fencing	189 024	203 000	-13 976	-6.88	Fencing of workshop G/M done under budget
	<b>848 886</b>	<b>1 085 666</b>	<b>-236 780</b>	<b>-21.81</b>	
<b>Other Assets</b>					
<b><u>Buildings</u></b>					
Caravan Parks	818 342	1 098 000	-279 658	-25.47	Development of day camp W/S not done R250 000
Emergency Equipment	39 693	40 000	-307	-0.77	
Office Buildings	1 832 949	2 091 400	-258 451	-12.36	Project one-stop traffic centre incomplete - funds carried over 07/08 budget
Tip Sites	35 695	693 000	-657 305	-94.85	Dumping site project placed on hold pending an investigation DM
<b><u>Plant &amp; Equipment</u></b>					
Boats	34 035	20 000	14 035	70.18	Two boats where procured - only one budget for
Lawnmowers	21 925	31 900	-9 975	-31.27	Kudu lawnmower procured under budget R3 075. H/B lawnmower expense transferred to oper. Budget

APPENDIX E (2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Other	448 676	487 287	-38 611	-7.92	Procured under budget
Irrigation Systems	13 158	15 000	-1 842	-12.28	Procured under budget
<b><u>Motor Vehicles</u></b>					
Trucks/Bakkies	816 690	854 000	-37 310	-4.37	
	<b>4 061 164</b>	<b>5 330 587</b>	<b>-1 269 423</b>	<b>-23.81</b>	
<b>Total</b>	<b>20 678 657</b>	<b>41 284 960</b>	<b>-20 606 303</b>	<b>-49.91</b>	